OLR Bill Analysis
sHB 5410 (as amended by House "A")*

AN ACT CONCERNING LOST AND UNACCOUNTED FOR GAS.

SUMMARY:

This bill requires the Public Utilities Regulatory Authority (PURA) to (1) submit an annual report to the Energy Committee on the gas companies' lost and unaccounted for (LUAF) gas, (2) investigate a gas company if its LUAF gas exceeds 3% in any calendar year, and (3) establish a cost mechanism to encourage such a company to reduce its LUAF gas. In general, LUAF gas is the difference between the amount of gas that enters a gas company's distribution system and the amount actually delivered to the company's customers or used for other purposes the company knows about.

*House Amendment "A" replaces the original bill (File 347), which allowed PURA to investigate a gas company's LUAF gas and establish a cost mechanism to encourage it to reduce its LUAF gas.

EFFECTIVE DATE: Upon passage

PURA REPORT

The bill requires PURA, by July 1, 2015 and annually thereafter, to submit a report to the Energy and Technology Committee that includes:

1. the reasons for each gas company's percentage of LUAF gas,
2. recommendations for each company's gas leak reduction strategy,
3. a description of each company's gas leak monitoring system,
4. the number of leaks and their causes throughout the state's entire gas distribution system, and

5. any other information PURA deems relevant.

INVESTIGATION AND COST MECHANISM

Under the bill, PURA must initiate a proceeding to investigate any gas company whose LUAF gas totals more than 3% (presumably of the total gas that entered the company's distribution system) in any calendar year. In the proceeding, the company must report its (1) leak detection and monitoring procedures, (2) emissions reduction strategies in addition to leak repair, and (3) any additional requirements PURA deems relevant.

In the proceeding, PURA must establish a cost mechanism to comply with the long-term greenhouse gas emission reductions required by law. The cost mechanism must also encourage a gas company to (1) reduce LUAF gas, including the number of leaks throughout the state's entire gas distribution system; (2) replace aging infrastructure, and (3) comply with any additional requirements PURA deems relevant. This cost mechanism can be incorporated in the company's purchased gas adjustment clause, which adjusts the company's rates between general rate cases to account for changes in the cost of purchased gas.

BACKGROUND

Greenhouse Gas Emission Reductions

By law, the state must reduce the level of greenhouse gas emissions to at least 10% below their 1990 levels by 2020, and 80% below their 2001 levels by 2050, as determined by the Department of Energy and Environmental Protection (CGS § 22a-200a).

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea	23	Nay	0	(03/18/2014)